

Department of Health and Human Services Market Research Highlights

- The National Institutes of Health (NIH) administrative systems could benefit from vendors with expertise in systems operability, maintainability, and reliability. NIH began an assessment of its administrative systems, collectively known as the Administrative Database, in August 1999. NIH has plans to replace its procurement, property management, travel and financial accounting systems with the NIH New Business System. The New Business System will eventually be expanded to supplant NIH's Central Accounting System. NIH has not settled on any particular product strategy, but is leaning towards a single-vendor solution.

(See the "Trade Press Articles" tab.)

- Over the past decade, HHS has made the improvement of financial management systems one of its highest priorities. Since 1995, HHS has taken measures to reduce the duplication of information systems not only within intradepartmental organizations, but also within its 11 operating divisions. Many functions have been centralized at the Program Support Center (PSC), which was founded in 1996. PSC provides human resources, financial and property management, and information technology services on a fee for service basis to HHS components and other Federal agencies. In Fiscal Year 2000, HHS's Program Support Center is implementing human resources and payroll programs that are part of a wider enterprise resource planning initiative. If these systems prove successful, the Program Support Center will expand this capability into other areas of enterprise resource planning. HHS could benefit from vendors with expertise in consulting and systems support partnerships as the center expands its service capabilities and its reach within HHS and across the government.

(See the "Trade Press Articles" tab.)

- According to the US House of Representatives Committee on Government Reform, it is estimated that in FY 1997, Medicare overpayments totaled about \$20.3 billion nationwide, or about 11% of total fee-for-service benefits

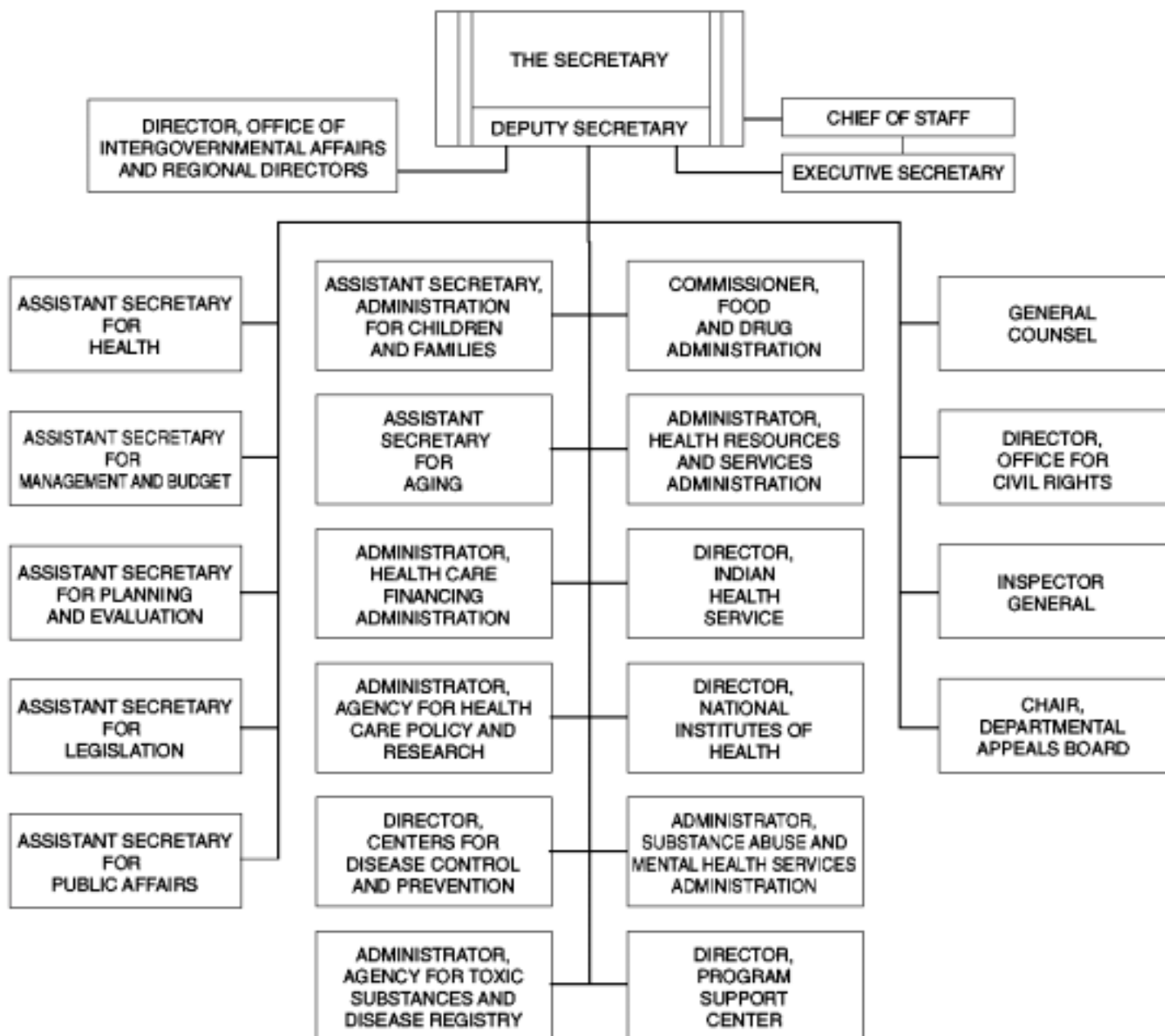
payments. The Medicare program could benefit from vendors with the expertise to implement modern financial systems at the Health Care Financing Administration (HFCA).

(See the “GAO Report” tab.)

- HHS and its operating divisions could benefit from vendors with the expertise to implement a fully functioning, integrated financial reporting system to produce complete and reliable financial statements in a timely manner. According to a General Accounting Office (GAO) report dated January 1999, HHS needs access to data necessary to manage the Department’s extensive health insurance programs, grant making activities, and regulatory activities. Currently, decentralized program administration processes are used by HHS and its program partners, including state and local governments. The HHS Chief Financial Officer’s five year plan envisions the implementation of standards-based, integrated financial systems to exploit rapidly expanding technologies like the Internet to improve public and employee access to financial information. HHS considers consolidation of disparate systems and replacement of legacy systems to be priorities in its efforts to improve financial management systems and data. HHS is examining how it intends to coordinate information technology investments to support department-wide goals and missions. HHS could benefit from vendors with the expertise to evaluate the business process it uses to coordinate financial and administrative activities among its programs, and with its government and industry partners. An Enterprise Applications Integration system could be offered as a tool to help the HHS manage its disparate process and communicate more effectively with its healthcare and research, state, local, and Federal partners.

(See the “GAO Report” and “CFO Plan” tabs.)

Department of Health and Human Services Agency Overview



The Department of Health and Human Services is the Federal Government's principal agency for protecting the health of all Americans and providing essential services, especially for those least able to help themselves. The Department manages more than 300 programs covering a wide spectrum of activities.

The Secretary of Health and Human Services advises the President on health, welfare, and income security plans, policies, and programs of the Federal Government. The Department of Health and Human Services is made up of 11 separate operating divisions.

The Administration on Aging (AOA) serves as the lead agency within HHS on all issues involving the elderly population.

The Administration for Children and Families (ACF) advises the Secretary on issues pertaining to children and families, including Native Americans, people with developmental disabilities, refugees, and legalized aliens.

The Agency for Health Care Policy and Research (AHCPR) is the research arm of the Public Health Service. AHCPR's goals are to work with the private sector and other public organizations to help consumers make better informed choices, determine what works best in clinical practice, measure and improve quality of care, monitor and evaluate health care delivery, improve the use of health care resources, assist health care policymakers, and build and sustain the health services research infrastructure.

The Agency for Toxic Substances and Disease Registry prevents exposure and adverse human health effects and diminished quality of life associated with exposure to hazardous substances from wastes sites, unplanned releases, and other sources of pollution present in the environment.

The Centers for Disease Control and Prevention (CDC) is the Federal agency charged with protecting the public health of the nation by providing leadership and direction in the prevention and control of diseases and other preventable conditions and responding to public health emergencies.

The mission of the Food and Drug Administration (FDA) is to ensure that food is safe, pure, and wholesome; that human and animal drugs, biological products, and medical devices are safe and effective; and that electronic products that emit radiation are safe.

The Health Care Financing Administration (HCFA) serves millions of elderly, disabled, and poor Americans through the Medicare and Medicaid programs.

The Health Resources and Services Administration (HRSA) is the principal primary health care service agency of the Federal Government, making essential primary care services accessible to the poor, uninsured, and the geographically isolated.

The Indian Health Service provides a comprehensive health services delivery system for American Indians and Alaska Natives, with opportunity for maximum tribal involvement in developing and managing programs to meet their health needs.

The National Institutes of Health (NIH) is the principal biomedical research agency of the Federal Government. It supports biomedical and behavioral research domestically and abroad, conducts research in its own laboratories and clinics, trains promising young researchers, and promotes acquisition and distribution of medical knowledge.

The Program Support Center (PSC) is a self-supported operating division with a unique mission to provide administrative support services to HHS components and other Federal agencies. PSC was created as a business enterprise to provide services on a competitive service-for-fee basis to customers who wish to purchase its services. Services include the areas of human resources, financial services, facilities, acquisition, property management, supply management, and distribution.

The Substance Abuse and Mental Health Services Administration (SAMHSA) provides national leadership to ensure that knowledge, based on science and state-of-the-art practice, is effectively used for the prevention and treatment of addictive and mental disorders.

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Department of Health and Human Services Systems Overview

The Department of Health and Human Services' core financial system applications and non-core applications are integrated into a single financial management system. The following are major financial systems in place at HHS and its operating divisions:

- The Financial Accounting Control System (FACS) is an on-line, administrative accounting and payment system that tracks and stores financial data for HCFA appropriations and funds. The system also provides program management; payments to trust funds; and grants to states for Medicare, Medicare Hospital Insurance, Supplemental Medical Insurance Trust Funds and miscellaneous receipt and expense accounts. FACS interfaces with other HHS automated systems, including the Payroll, Departmental Payment Management, Regional Accounting, and Financial Assistance Reporting systems. The core accounting function of FACS provides a wide range of financial management reports that facilitate fund control, document control, and general ledger functions.
- The Automated Plan Payment System (APPS) determines the final amount of all Medicare managed care payments, which are then downloaded to FACS and disbursed to the plans by direct deposit through the Treasury Department. This system maintains current and historical payment information and is accessible on-line to authorized users.
- The primary objective of the Financial Information Reporting System (FIRS) database is to improve the methodology for determining estimated outlays for pooled appropriations that are processed through the Payment Management System.
- The Budget's Apportionments, Allotments, Allowance Database System (BAAADS) handles all budget amounts broken down by allotments and allowances for HCFS. The system generates the Advice of Allowances, which are forwarded to the components. The approved budget amounts are electronically transmitted and inserted into HCFA's accounting system – Financial Accounting Control System (FACS).
- The Audits Tracking and Reporting System (ATARS) tracks and produces reports on both internal and external audits assigned to the Management

Planning and Analysis Staff (MPAS). ATARS tracks audits through the resolution process, maintains an audit clearance to aid MPAS program analysts, and produces management and component reports.

- The NIH Central Accounting System (CAS) allows querying of the ADB and CAS databases and produces standard and special reports for the Office of Financial Management (OFM), other members of NIH, and external organizations. CAS processes all accounting transactions for NIH. It produces a wide range of reports that detail spending within the agency. Financial reports are generated for HHS, the Treasury Department, the Office of Management and Budget, and the Public Health Service.
- The Program Support Center operates the CORE Accounting System. CORE is an on-line real time mainframe application that performs financial management functions for eight operational divisions within HHS. CORE is a fully operational Standard General Ledger accounting system that accepts batch and on-line inputs, performs accounting edits and validations for these inputs, and produces accounting transactions for the general ledger and its subsidiary ledger.
- The Travel Management System (TMS) is operated and managed by the Program Support Center and is the premier travel system at HHS. This system manages the travel process from travel order, through supervisory approvals, to voucher processing and payment. The system uses an electronic in-box approach for the approval process and access to the system is via TCP/IP.
- The Payment Management System (PMS) is also operated and managed by the Program Support Center. The system was developed for the purpose of creating a central processing point capable of paying most Federal Assistance grants, contracts, and block grants. The system serves as a fiscal intermediary between awarding agencies and the recipients of grants and contracts, with particular emphasis on expediting the flow of cash between the Federal Government and recipients, transmitting recipient disbursement data back to the awarding agencies, and managing cash advances to recipients. SmartLink II is an Internet based application that allows some PMS users to electronically draw down funds. A telephone based interactive voice response system entitled Cashline is also available to some users.
- FedHR21 is a system that the Program Support Center intends to implement in the future. This payroll/personnel system will incorporate client/server

technology in a relational database structure using, to the maximum extent possible, COTS software. The development of FedHR21 will allow the Program Support Center to enter into partnerships with commercial and Government enterprises to expand offerings in human resources, personnel, and payroll.

- The Tracking Accountability in Government Grants System (TAGGS) is a HHS-wide grants information system that tracks \$156 billion in grants annually. TAGGS provides application, award, financial and accounting grants information. TAGGS produces standard reports and provides ad-hoc query and reporting. TAGGS can be accessed through the HHS Intranet. The system is a client/server application incorporated into an Oracle relational database.

Department of Health and Human Services System and Budget Data

Department of Health and Human Services Information Systems Budget									
Information System	FY1998			FY1999			FY2000		
	M/D/E*	SS*	Sum*	M/D/E*	SS*	Sum*	M/D/E*	SS*	Sum*
Mission Area 1: Financial Management									
DHHS Financial Management	12	34	46	14	31	45	9	32	41
Mission Area 02: Administration for Children and Families									
Child Support Enforcement	25	4	29	21	8	29	20	11	31
Administrative and Management Systems	3	2	5	4	2	6	4	2	6
GATES (AMS Portion)	2	0	2	3	0	3	2	0	2
All Other for Mission Area	1	2	3	1	2	3	1	2	3
Mission Area 03: Agency for Health Care Policy and Research									
All Other for Mission Area	0	4	4	0	4	4	0	4	4
Mission Area 04: Centers for Disease Control and Prevention (CDC)									
Surveillance	0	18	18	28	21	49	2	23	25
Research	0	3	3	0	4	4	0	4	4
Public Health Communications	0	2	2	0	3	3	0	3	3
Public Health Services	0	2	2	0	2	2	0	3	3
Public Health Statistics	0	3	3	0	3	3	0	3	3
Health Alert Network	0	0	0	14	0	14	26	0	26
Mission Area 05: Food and Drug Administration									
Biologics	7	7	14	7	8	15	9	8	17
Human Drugs	10	16	26	11	20	31	15	20	35
Devices and Radiological Health	2	11	13	6	10	16	5	11	16
Foods	0	7	7	1	9	10	1	10	11
Animal Drugs and Feeds	0	2	2	0	2	2	0	2	2
Field Operations	5	22	27	3	20	23	11	17	28
National Center for Toxicological Research	0	5	5	0	6	6	0	6	6
All Other for Mission Area	2	3	5	2	3	5	3	4	7
Mission Area 06: Health Care Financing Administration									
Medicare + Choice (Managed Care)	2	6	8	1	7	8	19	51	70
Beneficiary Information (National 1-800 Telephone Service Improvements)	6	2	8	72	2	74	90	2	92
Medicare Claims Payment	0	31	31	0	32	32	0	38	38
Administrative Simplification	3	1	4	4	1	5	15	1	16
Fiscal Integrity	0	2	2	0	1	1	0	1	1
Improve Quality of Care	3	1	4	4	1	5	4	1	5
Medicaid	3	1	4	0	2	2	0	2	2
Medicare	0	9	9	0	2	2	0	3	3
Research	0	1	1	0	1	1	0	1	1
Mission Area 07: Health Resources and Services Administration									

Department of Health and Human Services Information Systems Budget									
Information System	FY1998			FY1999			FY2000		
	M/D/E*	SS*	Sum*	M/D/E*	SS*	Sum*	M/D/E*	SS*	Sum*
National Practitioner Data Bank (NPDB)	0	12	12	0	12	12	0	16	16
Healthcare Integrity and Protection Data Bank (HIPDB)	0	0	0	0	3	3	0	8	8
All Other for Mission Area	0	20	20	0	27	27	0	19	19
Mission Area 08: Indian Health Service									
Health Services	1	28	29	1	28	29	8	28	36
Mission Area 09: National Institutes of Health									
Human Resources	4	1	5	3	2	5	3	2	5
Program Mission Support - IMPAC II	4	2	6	0	3	3	0	4	4
All Other for Mission Area	78	78	156	82	90	172	89	94	183
Mission Area 10: Program Support Center									
Fed HR-21 Civilian Personnel System	5	1	6	3	2	5	3	3	6
Commissioned Officers Personnel System (COSTP)	1	0	1	1	0	1	1	0	1
Mission Area 11: Substance Abuse and Mental Health Services Administration									
Non-Financial Administrative Systems	0	0	0	0	1	1	0	1	1
Program Systems (OAS, CSAP, CSAT, CMHS)	4	10	14	4	10	14	4	10	14
Mission Area 12: Office of the Secretary (including AoA and OIG)									
All Other for Mission Area	0	0	0	0	0	0	0	0	0
Total	183	353	536	290	385	675	344	450	794

* M/D/E = Modernization/Development/Enhancement; SS = Steady State; Sum = M/D/E + SS.

Department of Health and Human Services Systems and Applications**		
Number of Operational Agency Financial Management Systems	Number of Operational Agency Financial Management Applications	Number of Applications in Development or Phased Implementation
10	74	5

Department of Health and Human Services Operational Agency Applications**												
Application Type												
Acquisition	Budget Formulation	Core Financial	Travel	Payroll Personnel Civilian	Payroll Personnel Other	Labor Distribution	Inventory Property	Inventory (Held for Sale)	Revenue	Loan	EIS	Other
3	1	19	3	4	0	0	4	1	17	0	2	20

** According to a 1998 CFO Council report. Operational agency applications omit systems in development.